



May 14, 2020

VIA FACSIMILE and ELECTRONIC MAIL

Fieldwood Energy LLC
2000 W Sam Houston Parkway S, Suite 12
Houston, Texas 77042
Attn: Jim Brysch
VP – Production Marketing
Email: Jim.Brysch@fwelc.com
Fax: (713) 969-1099

Re: Demand for Adequate Assurance of Performance by Fieldwood Energy LLC (“Fieldwood”) pursuant to Purchase Contract No. 4200144305 (the “Contract”)

Dear Mr. Brysch:

Valero Marketing and Supply Company (“Valero”) is in receipt of Fieldwood’s April 29, 2020 Notice of Termination Letter, terminating the Contract effective as of May 30, 2020, as well as Fieldwood’s consistent communications that Fieldwood will not deliver any crude oil to Valero during the month of May. Valero has thus calculated its estimated damages resulting from Fieldwood’s failure to deliver any May volumes to be \$2,102,544 (“Valero’s Damages”).

Based on the foregoing and other recent events, it is Valero’s reasonable opinion that the reliability of Fieldwood to perform its obligations as well as its ability to pay Valero for Valero’s Damages is impaired and/or unsatisfactory. On this basis and pursuant to the Contract, Valero hereby demands that Fieldwood provide to Valero “Adequate Assurance of Performance” confirming Fieldwood’s ability to pay Valero’s Damages, in either an irrevocable stand-by letter of credit for such amount (in the form and by a bank acceptable to Valero) or through payment of such amount in immediately available funds to the account specified in *Appendix 1*.

Pursuant to the Contract, Valero’s Damages shall become due and payable by Fieldwood no later than two Banking Days from the date of this communication. In the event Valero does not receive Adequate Assurance of Performance within this time period, Valero reserves the right to pursue further remedies under the Contract and at law.

Please provide your response in writing to physicalbulkcontracts@valero.com with a copy to Randy.Hawkins@valero.com.

Regards,

A handwritten signature in black ink, appearing to read 'Randall E. Hawkins'.

Randall E. Hawkins
Senior Vice President

cc: Johnny Dobecka via email at Johnny.Dobecka@Fwelc.com

APPENDIX 1



P.O. Box 696000, San Antonio, Texas 78269-6000
Ph 800-333-3377 Fax 210-345-2234

VALERO ENERGY CORPORATION

JPMORGAN CHASE BANK

NEW YORK, NY

ACCOUNT #323272568


ABA #021000021

SWIFT CODE: CHASUS33

For the benefit of:

Payment Reference:

Director Cash Management: Shawna Krepps (210) 345-2276



JPMORGAN CHASE BANK
712 Main Street, Floor 05
Houston, TX 77002-3201

CONTACT: Chavonne Johnson 713-216-2837